

---

**2005A BOND INDENTURE**

**Dated as of May 1, 2005**

---

**Between**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC  
DEVELOPMENT BANK**

**And**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION  
as Trustee**

---

**Relating to  
California Infrastructure and Economic Development Bank  
Energy Efficiency Master Trust Revenue Bonds  
Series 2005A**

---

# **2005A BOND INDENTURE**

## **TABLE OF CONTENTS**

**Page**

### **ARTICLE I**

#### **DEFINITIONS; RULES OF CONSTRUCTION**

Section 101.	Definitions.....	3
Section 102.	Rules of Construction .....	3

### **ARTICLE II**

#### **THE 2005A BONDS**

Section 201.	Authorization and Terms of 2005A Bonds .....	4
Section 202.	Execution and Delivery of 2005A Bonds .....	5
Section 203.	Book-Entry Bonds; Securities Depository .....	6
Section 204.	Method and Place of Payment .....	7
Section 205.	Execution and Authentication.....	8
Section 206.	Registration, Transfer and Exchange.....	8
Section 207.	Mutilated, Destroyed, Lost and Stolen 2005A Bonds .....	10
Section 208.	Cancellation of 2005A Bonds.....	10
Section 209.	Payments Due on Non-Business Days.....	10
Section 210.	Nonpresentment of 2005A Bonds.....	10

### **ARTICLE III**

#### **REDEMPTION OF 2005A BONDS**

Section 301.	Optional Redemption.....	11
Section 302.	Selection of 2005A Bonds for Redemption .....	11
Section 303.	Notice of Redemption .....	11
Section 304.	Partial Redemption of 2005A Bonds .....	12
Section 305.	Effect of Redemption .....	12

### **ARTICLE IV**

#### **FUNDS AND ACCOUNTS, APPLICATION OF BOND PROCEEDS**

Section 401.	Creation of Funds and Accounts.....	13
Section 402.	2005A Loan Repayment Account.....	13
Section 403.	2005A Debt Service Account .....	14
Section 404.	2005A Reserve Account. ....	14
Section 405.	2005A Surplus Repayments Account.....	15

Section 406.	2005A Cost of Issuance Account.....	15
Section 407.	2005A Rebate Account .....	16
Section 408.	2005A Bond Proceeds Account.....	16
Section 409.	Deposit and Application of Bond Proceeds and Other Moneys .....	16
Section 410.	Moneys to be Held in Trust .....	17
Section 411.	Investment of Moneys.....	17
Section 412.	Records and Reports of Trustee.....	18

## **ARTICLE V**

### **GENERAL COVENANTS AND PROVISIONS**

Section 501.	Issuer to Issue Bonds and Execute Bond Indenture.....	18
Section 502.	Payment of 2005A Bonds .....	19
Section 503.	Books, Records and Accounts .....	19
Section 504.	Continuing Disclosure .....	19
Section 505.	Tax Covenants .....	20
Section 506.	Rights and Obligations with Respect to the 2005A Secured Loan Agreement. ....	21

## **ARTICLE VI**

### **DEFAULT AND REMEDIES**

Section 601.	Events of Default .....	22
Section 602.	Exercise of Remedies by the Trustee.....	23
Section 603.	Limitation on Suits by 2005A Owners .....	24
Section 604.	Control of Proceedings by 2005A Owners .....	25
Section 605.	Application of Moneys Collected .....	25
Section 606.	Rights and Remedies Cumulative.....	26
Section 607.	Waiver of Past Defaults .....	26

## **ARTICLE VII**

### **THE TRUSTEE**

Section 701.	Acceptance of Trusts; Certain Duties and Responsibilities.....	27
Section 702.	Certain Rights of Trustee .....	28
Section 703.	Notice of Defaults .....	30
Section 704.	[Reserved] .....	31
Section 705.	Resignation and Removal of Trustee.....	31
Section 706.	Appointment of Successor Trustee .....	31
Section 707.	Acceptance of Appointment by Successor .....	32
Section 708.	Merger, Consolidation and Succession to Business .....	32
Section 709.	Designation of Paying Agents .....	33

## **ARTICLE VIII**

### **SUPPLEMENTAL BOND INDENTURES**

Section 801.	Supplemental Bond Indentures without Consent of 2005A Owners .....	34
Section 802.	Supplemental Bond Indentures with Consent of 2005A Owners .....	34
Section 803.	Execution of Supplemental Bond Indentures .....	35
Section 804.	Effect of Supplemental Bond Indentures .....	35
Section 805.	Consent of Energy Commission to Supplemental Bond Indentures.....	36

## **ARTICLE IX**

### **SATISFACTION AND DISCHARGE**

Section 901.	Payment, Discharge and Defeasance of 2005A Bonds.....	36
Section 902.	Satisfaction and Discharge of Bond Indenture .....	37
Section 903.	Rights Retained After Discharge .....	37

## **ARTICLE X**

### **MISCELLANEOUS PROVISIONS**

Section 1001.	Notices .....	38
Section 1002.	Notices to Rating Agencies.....	39
Section 1003.	Acts of 2005A Owners.....	39
Section 1004.	Further Assurances.....	40
Section 1005.	Immunity of Officers, Employees and Members of Issuer.....	40
Section 1006.	Benefit of Bond Indenture .....	40
Section 1007.	Severability .....	41
Section 1008.	Execution in Counterparts.....	41
Section 1009.	Governing Law .....	41
Exhibit A	– Form of 2005A Bonds .....	A-1
Exhibit B	– Form of 2005A Cash Flow Certificate.....	B-1
Exhibit C	– Form of Requisition From 2005A Cost of Issuance Account.....	C-1
Exhibit D	– Form of Officer’s Certificate Regarding Establishment of Subaccount within 2005A Bond Proceeds Account.....	D-1
Exhibit E	– Form of Requisition from 2005A Bond Proceeds Subaccount .....	E-1
Appendix A	– Defined 2005A Terms.....	Appendix A-1

\* \* \*

## **2005A BOND INDENTURE**

This 2005A BOND INDENTURE, dated as of May 1, 2005 (the "Bond Indenture") is entered into by and between the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK, an entity within the Business, Transportation and Housing Agency of the State of California, as issuer (the "Issuer"), and J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee"), each a public instrumentality of the State of California.

### **RECITALS**

WHEREAS, the Issuer was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing with Section 63000 thereof), as now in effect and as it may be amended or supplemented (the "Infrastructure Bank Act");

WHEREAS, since 1979, the California Energy Resources Conservation and Development Commission (the "Energy Commission") has made energy efficiency loans, from the Energy Conservation Assistance Account created pursuant to the Energy Conservation Assistance Act of 1979, California Public Resources Code Division 15, Chapter 5.2 (Sections 25410-25421) (the "Energy Conservation Assistance Act"), to schools, hospitals and public care institutions and units of local government, and since 1986, the Energy Commission has made energy efficiency loans, from the Local Jurisdiction Energy Assistance Account created pursuant to California Public Resources Code Division 15, Chapter 5.4 (Sections 25440-25449.4) (the "Local Jurisdiction Energy Assistance Legislation") to local jurisdictions, (collectively, as applicable, the "Program"), which loans are repayable from energy savings and any other legally available sources;

WHEREAS, on April 10, 2003, at the request of the Energy Commission, the California Consumer Power and Conservation Financing Authority (the "Authority") issued \$28,005,000 Energy Efficiency Master Trust Revenue Bonds, Series 2003A (the "2003A Bonds") to finance the Program.

WHEREAS, the funding for the Authority was eliminated in late 2004 and its obligations assumed by other State agencies, and on October 25, 2004, the Authority assigned to the Issuer its rights and responsibilities with respect to the 2003A Bonds.

WHEREAS, the Issuer, pursuant to the Infrastructure Bank Act, is authorized to finance the Program, and the Energy Commission has requested that the Issuer issue its revenue bonds to provide additional funding for the Program;

WHEREAS, the State Treasurer, as trustee, and as trustee under the 2003A Bond Indenture, was replaced by J.P. Morgan Trust Company, National Association, as successor trustee, on April 27, 2005;

WHEREAS, the Issuer and the Trustee deem it necessary and desirable to enter into this Bond Indenture to provide for the issuance of energy efficiency master trust revenue bonds, and,

pursuant to the Infrastructure Bank Act and a resolution duly adopted by the Issuer on March 22, 2005, the Issuer is authorized to issue \$36,955,000 principal amount of California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A (the "2005A Bonds"), under this Bond Indenture, for the purpose of (a) providing funds to the Energy Commission to finance the costs of the design, acquisition, installation and implementation of Projects for Borrowers and (b) paying costs related to the issuance of the 2005A Bonds;

WHEREAS, in order to secure repayment of the 2005A Bonds, the Issuer and the Energy Commission have executed a 2005A Secured Loan Agreement dated as of May 1, 2005 (the "2005A Secured Loan Agreement") and have authorized the transfer to the Trustee of an amount sufficient to fund the 2005A Reserve Account;

WHEREAS, in order to further secure repayment of the 2005A Bonds and future issues of bonds issued to provide funds to the Energy Commission to finance additional Projects, the Issuer and the Trustee have entered into an Amended and Restated Master Trust Agreement, dated as of April 27, 2005 (the "Master Trust Agreement"); and

WHEREAS, all things necessary to make the 2005A Bonds, when authenticated by the Trustee and issued as provided in this Bond Indenture, the valid and binding obligations of the Issuer, and to constitute this Bond Indenture a valid and binding pledge and assignment of the property, rights, interests and revenues made herein for the security of the payment of the 2005A Bonds, have been done and performed, and the execution and delivery of this Bond Indenture and the execution and issuance of the 2005A Bonds, subject to the terms of this Bond Indenture, have in all respects been duly authorized.

NOW THEREFORE, the parties hereto agree as follows:

### **GRANTING CLAUSES**

To declare the terms and conditions upon which 2005A Bonds are to be authenticated, issued and delivered and to secure the payment of all of the 2005A Bonds issued and Outstanding under this Bond Indenture, to secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in this Bond Indenture and in the 2005A Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Bond Indenture, and the purchase and acceptance of the 2005A Bonds by the Owners thereof, the Issuer transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in all right, title and interest of the Issuer in and to the 2005A Secured Loan Agreement (excluding Issuer Retained Rights), including all 2005A Collateral pledged thereunder (the "Trust Estate").

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Bond Indenture for the equal and pro rata benefit and security of each and every Owner of 2005A Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Bond Indenture of one 2005A Bond over or from the others, except as otherwise expressly provided herein.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, and interest on the 2005A Bonds issued by the Issuer and secured under this Bond Indenture, at the times and in the manner mentioned in the 2005A Bonds according to the true intent and meaning thereof, or shall provide for the payment thereof (as permitted and provided herein), and shall pay or cause to be paid to the Trustee all other sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments, this Bond Indenture and the rights hereby granted to the Trustee hereunder by the Issuer shall cease, determine and be void, except as provided in Section 903 herein; otherwise, this Bond Indenture shall be and remain in full force and effect.

**NOW, THEREFORE,** to declare the terms and conditions upon which the 2005A Bonds are to be authenticated, issued and delivered and to secure the payment of all of the 2005A Bonds issued and Outstanding under this Bond Indenture from time to time according to their tenor and effect, and in consideration of the premises, the purchase and acceptance of the 2005A Bonds by the Owners thereof, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners of the 2005A Bonds, that the 2005A Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee as provided herein, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

## **ARTICLE I**

### **DEFINITIONS; RULES OF CONSTRUCTION**

**Section 101. Definitions.** Unless a different meaning clearly appears from the context, all capitalized terms shall have the meanings set forth in Appendix A.

**Section 102. Rules of Construction.** For all purposes of this Bond Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Bond Indenture:

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(d) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.

(e) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as executed.

(f) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision.

(g) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(h) Whenever an item or items are listed after the word “including” or “include,” such listing is not intended to be a listing that excludes items not listed.

(i) All approvals, notices, consents and other actions of the Energy Commission under this Bond Indenture (other than the execution of this Bond Indenture and any amendments hereto) shall be executed by an Energy Commission Representative or designee, such designation to be made by a written instrument delivered to the Issuer and the Trustee.

## **ARTICLE II THE 2005A BONDS**

**Section 201. Authorization and Terms of 2005A Bonds.** There shall be issued under this Bond Indenture a series of revenue bonds authorized by the Infrastructure Bank Act and the Energy Conservation Assistance Act, entitled to the benefit, security and protection of this Bond Indenture and in the aggregate principal amount of \$36,955,000 for the purpose of (a) providing funds to the Energy Commission to finance the costs of the design, acquisition, installation and implementation of Projects for Borrowers and (b) paying costs related to the issuance of the 2005A Bonds. Such series of 2005A Bonds shall be designated as “California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A.” The 2005A Bonds shall be dated their Date of Delivery, shall mature on March 1 in the years and in the respective principal amounts and shall bear interest at the respective rates per annum, as follows:



## SERIAL BONDS

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$2,220,000	2.50%
2007	3,190,000	5.00
2008	3,785,000	4.00
2009	3,690,000	3.00
2010	3,580,000	5.00
2011	3,470,000	5.00
2012	3,410,000	5.00
2013	3,165,000	5.00
2014	2,650,000	5.00
2015	2,325,000	5.00
2016	1,830,000	5.00
2017	1,405,000	5.00
2018	1,235,000	5.00
2019	1,000,000	4.00

The 2005A Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date of delivery or from the most recent Bond Payment Date to which interest has been paid or duly provided for, payable on March 1 and September 1 of each year, beginning on September 1, 2005.

The 2005A Bonds shall be issuable as fully registered bonds without coupons in substantially the form set forth in Exhibit A attached to this Bond Indenture, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Bond Indenture. The 2005A Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The 2005A Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 consecutively upward in order of issuance or in such other manner as the Trustee shall designate.

The principal of and interest on the 2005A Bonds shall be payable at the principal office of the Trustee in the manner as provided herein.

**Section 202. Execution and Delivery of 2005A Bonds.** The 2005A Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the 2005A Bonds by the Trustee the following documents shall be filed with the Trustee:

- (a) An original executed copy of the resolution adopted by the Issuer authorizing the issuance and sale of the 2005A Bonds and the execution of this Bond

Indenture, the Master Trust Agreement, the Tax Agreement and the Bond Purchase Agreement.

(b) An original executed counterpart of this Bond Indenture, the Master Trust Agreement, the Tax Agreement and the Bond Purchase Agreement.

(c) A request and authorization to the Trustee, on behalf of the Issuer, executed by the Issuer Representative, to authenticate the 2005A Bonds and deliver the 2005A Bonds to or upon the order of the Original Purchaser thereof upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name of the Original Purchaser and the amounts of such purchase price.

(d) An Opinion of Bond Counsel, dated the Date of Delivery, in substantially the form required by the Bond Purchase Agreement, to the effect that the Issuer has the legal power and authority to execute and deliver this Bond Indenture and to issue the 2005A Bonds authorized under this Bond Indenture and that all conditions precedent for the issuance of such 2005A Bonds have been met, and such 2005A Bonds have been duly and validly issued.

(e) An original executed copy of the resolution adopted by the Energy Commission authorizing the issuance and sale of the 2005A Bonds and the execution of the 2005A Secured Loan Agreement, the Continuing Disclosure Agreement, the Tax Agreement and approval of the Master Trust Agreement and the Bond Purchase Agreement.

(f) A Series Certificate executed by an Energy Commission Representative.

(g) Such other opinions, certificates, statements, receipts and documents as the Trustee and Issuer shall reasonably require for the delivery of the 2005A Bonds.

When the documents specified above have been filed with the Trustee, and when the 2005A Bonds have been executed and authenticated as required herein, the Trustee shall deliver the 2005A Bonds to or upon the order of the Original Purchaser, but only upon payment to the Trustee of the purchase price of the 2005A Bonds. The proceeds of the sale of the 2005A Bonds, including accrued interest, shall be applied in accordance with Article IV hereof. The 2005A Bonds are not subject to redemption prior to March 1, 2015.

**Section 203. Book-Entry Bonds; Securities Depository.** The 2005A Bonds shall initially be registered to Cede & Co., the nominee for The Depository Trust Company, New York, New York (the "Securities Depository"), and no beneficial 2005A Owner will receive certificates representing their respective interests in the 2005A Bonds, except in the event the Trustee issues replacement bonds ("Replacement Bonds") as provided in this Section. It is anticipated that during the term of the 2005A Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, and interest on, the 2005A Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the 2005A Owners as described in the following paragraph.

If the Issuer determines (1) (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any 2005A Bonds being issued to any 2005A Owner other than Cede & Co. is no longer in the best interests of the Owners of the 2005A Bonds, or (2) if the Trustee receives written notice from Participants representing interests in not less than 50% of the 2005A Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any 2005A Bonds being issued to any 2005A Owner other than Cede & Co. is no longer in the best interests of the Owners of the 2005A Bonds, then the Trustee shall notify the 2005A Owners of such determination or such notice and of the availability of certificates to 2005A Owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the 2005A Owners or their nominees in principal amounts representing the interest of each; provided, that in the case of a determination under (1)(A) or (1)(B) of this paragraph, the Issuer, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository or its agent is the Owner of at least one 2005A Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and neither the Issuer nor 2005A Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to 2005A Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names and addresses of and principal amounts owned by the Owners of the 2005A Bonds. The cost of printing, registration, authentication and delivery of Replacement Bonds shall be paid from amounts in the Master Administrative Expense and Surplus Account held under the Master Trust Agreement.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a 2005A Bond or 2005A Bonds for cancellation shall cause the delivery of 2005A Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

**Section 204. Method and Place of Payment.** The Trustee is hereby appointed and shall act as “paying agent” for the purpose of effecting payment of the principal of and interest on the 2005A Bonds. The principal of and interest on the 2005A Bonds shall be payable in any coin or

currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of all 2005A Bonds shall be payable by check or other acceptable method at maturity to the Persons in whose names such 2005A Bonds are registered on the bond register maintained by the Trustee at the maturity date thereof, upon the presentation and surrender of such 2005A Bonds at the principal office or at such other office designated by the Trustee for such purpose.

The interest payable on each 2005A Bond on any Bond Payment Date shall be paid by the Trustee to the Owner of such 2005A Bond as shown on the bond register at the close of business on the Record Date, (1) by check or other acceptable method sent on the Bond Payment Date to such Owner at the address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such Owner, or (2) at the written request addressed to the Trustee by any Owner of 2005A Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such Owner upon written notice to the Trustee from such Owner containing the electronic transfer instructions (which shall be located in the continental United States) to which such Owner wishes to have such transfer directed, provided such written notice is given by such Owner to the Trustee not less than five Business Days before the applicable Record Date. Any such written notice for electronic transfer shall be signed by such Owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such Owner's account at such bank to which the payment is to be credited.

**Section 205. Execution and Authentication.** The 2005A Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Executive Director, Chair or the Chair's designee. If any official whose manual or facsimile signature appears on any 2005A Bonds shall cease to hold such office before the authentication and delivery of such 2005A Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any 2005A Bond may be signed by such persons as at the actual time of the execution of such 2005A Bond shall be the proper officials to sign such 2005A Bond although at the date of such 2005A Bond such persons may not have been such officials.

No 2005A Bond shall be secured by, or be entitled to any lien, right or benefit under, this Bond Indenture or be valid or obligatory for any purpose, unless the certificate of authentication thereon is executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee, and such certificate upon any 2005A Bond shall be conclusive evidence, and the only evidence, that such 2005A Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Bond Indenture, the Issuer may deliver 2005A Bonds executed by the Issuer to the Trustee for authentication and the Trustee shall authenticate and deliver such 2005A Bonds as in this Bond Indenture provided and not otherwise.

**Section 206. Registration, Transfer and Exchange.** The Trustee is hereby appointed "bond registrar" for the purpose of registering 2005A Bonds and transfers of 2005A Bonds as herein provided. The Trustee shall cause to be kept at its principal trust office or other

designated payment office a register (referred to herein as the "bond register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of 2005A Bonds as herein provided.

2005A Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any 2005A Bond at the principal corporate trust office or other designated payment office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new 2005A Bonds of the same series and maturity, of any authorized denominations and of a like aggregate principal amount.

Every 2005A Bond presented or surrendered for transfer or exchange shall (if so required by the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as bond registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

All 2005A Bonds issued upon any transfer or exchange of 2005A Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Bond Indenture, as the 2005A Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of 2005A Bonds, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of 2005A Bonds, and such charge shall be paid before any such new 2005A Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Energy Commission. In the event any 2005A Owner fails to provide a certified taxpayer identification number to the Trustee, the Trustee may impose a charge against such 2005A Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such 2005A Owner hereunder or under the 2005A Bonds.

The Person in whose name any 2005A Bond is registered on the bond register shall be deemed and regarded as the absolute Owner thereof for all purposes, except as otherwise provided in this Bond Indenture when a Book-Entry System is in effect for the 2005A Bonds, and payment of or on account of the principal of and interest on any such 2005A Bond shall be made only to or upon the order of the Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2005A Bond to the extent of the sum or sums so paid.

The Trustee will keep the bond register on file at its principal trust office or other designated payment office, which shall include a list of the names and addresses of the last known Owners of all 2005A Bonds and the serial numbers of such 2005A Bonds held by each of such Owners. At reasonable times and under reasonable regulations established by the Trustee, the bond register may be inspected and copied by the Issuer or the Owners of 10% in principal

amount of 2005A Bonds Outstanding or the authorized representative thereof, provided that the ownership of such Owner and the Issuer, or any such designated representative shall be evidenced to the satisfaction of the Trustee.

**Section 207. Mutilated, Destroyed, Lost and Stolen 2005A Bonds.** If (i) any mutilated 2005A Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2005A Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to save each of the Trustee and the Issuer harmless, then, in the absence of notice to the Trustee that such 2005A Bond has been acquired by a bona fide purchaser, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen 2005A Bond, a new 2005A Bond of the same series and maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new 2005A Bond under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new 2005A Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen 2005A Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen 2005A Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Bond Indenture equally and ratably with all other Outstanding 2005A Bonds.

**Section 208. Cancellation of 2005A Bonds.** All 2005A Bonds surrendered to the Trustee for payment, transfer, exchange or replacement shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any 2005A Bonds previously authenticated and delivered hereunder, which the Issuer may have acquired in any manner whatsoever, and all 2005A Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any 2005A Bond cancelled as provided in this Section, except as expressly provided by this Bond Indenture. All cancelled 2005A Bonds held by the Trustee shall be destroyed and disposed of by the Trustee in accordance with applicable record retention requirements.

**Section 209. Payments Due on Non-Business Days.** In any case where the date of maturity of principal of or interest on the 2005A Bonds or the date fixed for redemption of any 2005A Bonds shall be a day other than a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

**Section 210. Nonpresentment of 2005A Bonds.** In the event any 2005A Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such 2005A Bond shall have been made available to the Trustee, all liability of the Issuer to the Owner thereof for the payment of such 2005A Bond, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust, without liability for

interest thereon, for the benefit of the Owner of such 2005A Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Indenture or on or with respect to such 2005A Bond. If any 2005A Bond shall not be presented for payment within two years following the date when such 2005A Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Energy Commission the funds theretofore held by it for payment of such 2005A Bond, and such 2005A Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Energy Commission, and the Owner thereof shall be entitled to look only to the Energy Commission for payment, and then only to the extent of the amount so repaid, and the Energy Commission shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **ARTICLE III REDEMPTION OF 2005A BONDS**

**Section 301. Optional Redemption.** The 2005A Bonds maturing on or before March 1, 2015 are not subject to redemption prior to their respective maturities. The 2005A Bonds maturing on or after March 1, 2016 are subject to redemption prior to their respective stated maturities, at the option of the Energy Commission (which option shall be delivered to the Trustee not less than forty-five (45) days prior to the date fixed for such redemption, or such shorter period as agreed to in writing by the Trustee in its sole discretion), in whole or in part (in such amounts and maturities as may be specified by the Energy Commission, or, if the Energy Commission fails to designate such maturities, in inverse order of maturity and by lot within a maturity) on any date on or after March 1, 2015, at the redemption price of 100% (expressed as a percentage of the principal amount of 2005A Bonds called for redemption), plus accrued interest to the date fixed for redemption, without premium.

**Section 302. Selection of 2005A Bonds for Redemption.** Whenever provision is made in this Bond Indenture for the redemption of less than all of the 2005A Bonds of any maturity with the same CUSIP number or any given portion thereof, the Trustee shall select the 2005A Bonds to be redeemed, from all 2005A Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however that in such instances where the Energy Commission is to specify the amount or maturities of 2005A Bonds to be redeemed the Trustee shall redeem 2005A Bonds in accordance with any such specification.

**Section 303. Notice of Redemption.** Notice of redemption shall be mailed by first class mail, postage prepaid by the Trustee, not less than thirty (30) days, nor more than sixty (60) days prior to the redemption date, to the respective Owners of any 2005A Bonds designated for redemption at their addresses appearing on the bond register of the Trustee. If the 2005A Bonds are no longer held by the Securities Depository, the Trustee shall also give notice of redemption to the Securities Depository and the Securities Information Services by means acceptable to such institutions. Notice of redemption shall be given to the Securities Depository and to the Securities Information Services by means acceptable to such institutions. Each notice of redemption shall state the date of such notice, the date of issue of the 2005A Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee) the maturity (including CUSIP numbers, if any), and, in the case of 2005A Bonds to be redeemed in part only, the respective portions of the

principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2005A Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a 2005A Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2005A Bonds be then surrendered.

Any notice of redemption hereunder may be rescinded by written notice given by the Energy Commission to the Trustee no later than five (5) Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable to the same parties and in the same manner as the notice of redemption was given pursuant to this Section 303.

Notice of redemption of 2005A Bonds shall be given by the Trustee. The cost of giving notice of redemption shall constitute a Priority Administrative Expense and shall be paid in accordance with Section 402 hereof.

Failure by the Trustee to give notice pursuant to this Section 303 to any one or more of the Securities Information Services, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to this Section 303 to any one or more of the respective Owners of any 2005A Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the 2005A Owners to whom such notice was mailed.

**Section 304. Partial Redemption of 2005A Bonds.** Upon surrender of any 2005A Bond redeemed in part only, the Issuer shall execute (but need not prepare) and the Trustee shall authenticate and deliver to the Owner thereof, a new 2005A Bond or 2005A Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2005A Bond surrendered. The cost of preparing new 2005A Bonds shall constitute a Priority Administrative Expense and shall be paid in accordance with Section 402 hereof.

**Section 305. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2005A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the date fixed for redemption designated in such notice, the 2005A Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the 2005A Bonds so called for redemption shall cease to accrue, said 2005A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Bond Indenture, and the Owners of said 2005A Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

All 2005A Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and delivered to or upon the request of the Issuer.



**ARTICLE IV  
FUNDS AND ACCOUNTS,  
APPLICATION OF BOND PROCEEDS**

**Section 401. Creation of Funds and Accounts.** There are hereby created and ordered to be established, in the custody of the Trustee, the following special trust accounts which shall be administered by the Trustee pursuant to the terms hereof:

(a) *Loan Repayment Account*, designated “Loan Repayment Account, Series 2005A” (the “2005A Loan Repayment Account”);

(b) *Debt Service Account*, designated “Debt Service Account, Series 2005A” (the “2005A Debt Service Account”);

(c) *Reserve Account*, designated “Reserve Account, Series 2005A” (the “2005A Reserve Account”);

(d) *Surplus Repayments Account*, designated “Surplus Repayments Account, Series 2005A” (the “2005A Surplus Repayments Account”);

(e) *Cost of Issuance Account*, designated “Cost of Issuance Account, Series 2005A” (the “2005A Cost of Issuance Account”);

(f) *Rebate Account*, designated “Rebate Account, Series 2005A” (the “2005A Rebate Account”); and

(g) *Bond Proceeds Account*, designated “Bond Proceeds Account, Series 2005A” (the “2005A Bond Proceeds Account”).

Moneys in the foregoing accounts, except the 2005A Rebate Account and the 2005A Bond Proceeds Account, shall be held in trust for the benefit of the 2005A Owners.

**Section 402. 2005A Loan Repayment Account.**

(a) Pursuant to Section 4.2 of the 2005A Secured Loan Agreement, the Energy Commission is required to transfer to the Trustee (or cause the 2005A Program Loan Repayments to be transmitted directly to the Trustee) for deposit into the 2005A Loan Repayment Account the amounts required by Section 3.7(d) thereof. All interest earnings on investment held for the credit of the 2005A Loan Repayment Account will be included in the amount transferred to the 2005A Debt Service Account in accordance with Section 402(b).

(b) Not later than the Bond Payment Transfer Date, the Trustee shall transfer to the 2005A Debt Service Account the amount required, after taking into account any interest earnings on the 2005A Debt Service Account which will be on deposit in the 2005A Debt Service Account as of such Bond Payment Transfer Date, to pay principal and interest on the 2005A Bonds due on such Bond Payment Date.

(c) If on the Bond Payment Transfer Date, there are insufficient moneys in the 2005A Loan Repayment Account to make the transfer required by clause (b) of this Section 402,

the Trustee shall transfer, first, from the 2005A Surplus Repayments Account, and then from the 2005A Reserve Account, the amount of such deficiency.

(d) If on any Bond Payment Transfer Date, there are insufficient amounts to make the transfer required by clause (b) above, after making the transfer from the 2005A Surplus Repayments Account and the 2005A Reserve Account, the Trustee shall immediately notify the Energy Commission of the amount of any shortfall and, in accordance with Section 303 of the Master Trust Agreement, the Trustee shall transfer from the Master Reserve Account and deposit into the 2005A Debt Service Account any amounts available to pay any principal or interest on the 2005A Bonds on the Bond Payment Date.

(e) Immediately following the transfer described in clause (b) above, and following payment of all Priority Administrative Expenses then due (to the extent any Priority Administrative Expenses have not been paid from the Master Administrative Expense and Surplus Account under the Master Trust Agreement), on each Bond Payment Transfer Date, the Trustee shall transfer from the 2005A Loan Repayment Account to the 2005A Reserve Account any amount which is available and necessary to cause the amount in the 2005A Reserve Account to equal the 2005A Reserve Requirement.

(f) All amounts on deposit in the 2005A Loan Repayment Account, after making the transfers required by clauses (b) and (e) above, shall remain in the 2005A Loan Repayment Account, up to the amount required to be on deposit in the 2005A Debt Service Account on the next succeeding Bond Payment Date (so long as such Bond Payment Date is March 1 of the same Bond Year). All amounts in the 2005A Loan Repayment Account in excess of this amount shall be transferred on each Bond Payment Transfer Date into the 2005A Surplus Repayments Account.

(g) In determining the amounts to be transferred to or from any fund or account pursuant to this Section 402, the Trustee shall rely upon a certificate of an Energy Commission Representative, and the Energy Commission covenants to provide such certificates on a timely basis so as to permit the Trustee to comply with this Section 402.

**Section 403. 2005A Debt Service Account.** Moneys deposited in the 2005A Debt Service Account shall be applied by the Trustee solely to pay interest on and principal of the 2005A Bonds as the same becomes due. Any excess amounts remaining after such payment on any Bond Payment Date shall be transferred to the 2005A Surplus Repayments Account on such Bond Payment Date.

**Section 404. 2005A Reserve Account.**

(a) The Trustee will deposit into the 2005A Reserve Account, on each Bond Payment Transfer Date, the amounts required by Section 402(e) hereof. All interest earnings on investments held for the credit of the 2005A Reserve Account shall be transferred to the 2005A Loan Repayment Account on the Business Day preceding each Bond Payment Transfer Date.

(b) Funds on deposit in the 2005A Reserve Account will be used, as provided in Section 402(c) hereof, to pay debt service on the 2005A Bonds in the event moneys on deposit

in the 2005A Debt Service Account and 2005A Surplus Repayments Account are insufficient to pay the principal and interest on the 2005A Bonds as the same become due.

(c) On the Business Day prior to each Bond Payment Date, and after making or providing for any transfers described in clause (b) above, the Trustee shall transfer from the 2005A Reserve Account to the Master Reserve Account any amount in excess of the 2005A Reserve Requirement, determined as of such Bond Payment Date.

(d) So long as the amount on deposit in the 2005A Reserve Account shall equal the 2005A Reserve Requirement, no further deposits to the 2005A Reserve Account shall be required. If the Trustee ever withdraws funds from the 2005A Reserve Account to prevent a default as herein provided, and the withdrawal of such funds reduces the amount on deposit in the 2005A Reserve Account to less than the 2005A Reserve Requirement, the Trustee shall hold, in the Master Reserve Account, an amount equal to this Reserve Deficiency, to the extent of available funds. If the 2005A Reserve Account is subsequently replenished from 2005A Program Loan Repayments, the Trustee shall release the amount so held in the Master Reserve Account in accordance with Section 303 of the Master Trust Agreement.

**Section 405. 2005A Surplus Repayments Account.** Amounts on deposit in the 2005A Surplus Repayments Account shall be transferred to the 2005A Debt Service Account on any Bond Payment Transfer Date to the extent such amounts are required to pay principal and interest on the 2005A Bonds coming due on the applicable Bond Payment Date as provided in Section 402(c) hereof.

Subject to the foregoing, and after receipt of the 2005A Cash Flow Certificate described below, on the second Business Day preceding each Bond Payment Date, the Trustee shall transfer, from the 2005A Surplus Repayments Account for deposit into the Master Reserve Account, the amount in the 2005A Surplus Repayments Account in excess of the amount necessary to deliver the 2005A Cash Flow Certificate, the form of which is attached hereto as Exhibit B and which, in accordance with Section 5.2 of the 2005A Secured Loan Agreement, the Energy Commission has covenanted to deliver to the Trustee and the Issuer at least 2 Business Days prior to each Bond Payment Date.

**Section 406. 2005A Cost of Issuance Account.** Amounts on deposit in the 2005A Cost of Issuance Account shall be paid out from time to time by the Trustee to pay the Costs of Issuance upon receipt of a requisition of the Issuer in substantially the form attached hereto as Exhibit C stating the Person to whom the payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. At such time as the Trustee is advised in writing by an Issuer Representative that all Costs of Issuance have been paid, and in any case not later than six months from the Date of Delivery of the 2005A Bonds, the Trustee shall notify the Energy Commission of the balance in the 2005A Cost of Issuance Account and shall transfer any moneys remaining in the 2005A Cost of Issuance Account into the 2005A Bond Proceeds Account, and the 2005A Cost of Issuance Account shall be closed.

**Section 407. 2005A Rebate Account.** Pursuant to the Tax Agreement, the Energy Commission has covenanted to calculate and to pay directly to the government of the United States of America all amounts due for payment of "arbitrage rebate" under Section 148(f) of the Internal Revenue Code with respect to the 2005A Bonds. Accordingly, no amounts shall initially be deposited in the 2005A Rebate Account, provided, however, that the Energy Commission may in the future request the Trustee to deposit in the 2005A Rebate Account amounts held in any fund or account hereunder, (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate). The 2005A Rebate Account is a trust fund, but amounts therein are not pledged to the payment of the 2005A Bonds. Amounts on deposit in the 2005A Rebate Account may be used solely to make payments to the United States of America under Section 148 of the Internal Revenue Code. Any amounts remaining in the 2005A Rebate Account upon satisfaction of all rebate obligations payable to the United States shall be transferred to the 2005A Loan Repayment Account.

**Section 408. 2005A Bond Proceeds Account.** The Trustee shall deposit into the 2005A Bond Proceeds Account the net proceeds of the 2005A Bonds, after deposit of the amounts, if any, required hereunder into the 2005A Cost of Issuance Account. Moneys on deposit in the 2005A Bond Proceeds Account shall be disbursed by the Trustee to fund Program Loans to public entities, as directed by an Energy Commission Representative in an Officer's Certificate. The 2005A Bond Proceeds Account is a trust fund dedicated to making additional Program Loans to public entities, but amounts therein are not pledged to the payment of the 2005A Bonds.

At such time as the Trustee receives an Officer's Certificate from the Energy Commission in substantially the form attached hereto as Exhibit D stating that a Program Loan Agreement has been fully executed by a Borrower, the loan number, the name of the Borrower and the amount of such Program Loan, the Trustee shall transfer the amount of such Program Loan from the 2005A Bond Proceeds Account to a separate subaccount that the Trustee shall establish and maintain within the 2005A Bond Proceeds Account, designated as the "\_\_\_\_\_ 2005A Bond Proceeds Subaccount," inserting therein the name of the Borrower and the loan number. Moneys on deposit in each Borrower's 2005A Loan Proceeds Subaccount will be disbursed to the Borrower upon receipt by the Trustee of a requisition of the Energy Commission in substantially the form attached hereto as Exhibit E.

**Section 409. Deposit and Application of Bond Proceeds and Other Moneys.** The proceeds of the sale of the Series 2005A Bonds, \$38,893,301.27 (representing \$36,955,000.00 principal amount, plus a net original issue premium of \$2,242,178.65, less underwriters discount of \$303,877.38) shall be deposited or applied as follows:

- (a) the sum of \$652,500.00, shall be deposited into the 2005A Cost of Issuance Account; and
- (b) the sum of \$38,240,801.27 shall be deposited in to the 2005A Bond Proceeds Account.

In addition, on the Date of Delivery of the 2005A Bonds, the Energy Commission shall transfer \$7,871,415.00 for deposit to the 2005A Reserve Account.

**Section 410. Moneys to be Held in Trust.** All moneys deposited with or paid to the Trustee for the funds and accounts held by the Trustee under this Bond Indenture or under the 2005A Secured Loan Agreement shall be held by the Trustee in trust and shall be invested and applied only in accordance with the provisions of this Bond Indenture, and, until used or applied as herein or therein provided, and except as provided in Section 901 hereof, shall constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the Trustee. The Trustee shall not be under any liability for interest on any moneys held uninvested hereunder.

**Section 411. Investment of Moneys.** Moneys held by the Trustee in each of the funds and accounts under this Bond Indenture shall be invested and reinvested by the Trustee, pursuant to written directions of an Energy Commission Representative after consulting with an Issuer Representative in Permitted Investments which mature or are subject to redemption by the Owner thereof prior to the date such funds are expected to be needed. If at any time the Energy Commission, after consulting with an Issuer Representative has not directed the Trustee, such moneys shall be invested in the Permitted Investments described in clause (r) of the definition thereof. The Trustee is authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held.

The interest accruing on each fund or account and any profit realized from such Permitted Investments shall be credited to the 2005A Debt Service Account or such other account as stipulated in this Bond Indenture or under the 2005A Secured Loan Agreement, and any loss resulting from such Permitted Investments shall be charged to the fund or account from which such moneys originally came. For the purpose of determining the amount in any such fund or account, all Permitted Investments (except for guaranteed investment contracts and Permitted Investments described in subsections (n) and (r) of the definition thereof which shall be valued at par) credited to such fund or account shall be valued at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or market value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price). The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments. The Trustee shall have no responsibility with respect to the compliance by the Energy Commission with respect to any covenant herein or in the Master Trust Agreement regarding investments made in accordance with this Bond Indenture, other than to use its best reasonable efforts to comply with instructions from the Energy Commission regarding such investments. Since the investments permitted by this Bond Indenture and the 2005A Secured Loan Agreement have been made at the request of the Energy Commission, after consulting with an Issuer Representative and the making of such investments will be subject to the Energy Commission's direction, the Trustee specifically disclaims any obligation to the Energy Commission for any loss arising from or tax consequences of, investments pursuant to the provisions of this Bond Indenture.

Investments in any and all funds and accounts established pursuant to this Indenture (other than the 2005 Rebate Account) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular fund or account amounts received or held by the Trustee hereunder; provided that the Trustee shall at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in this Bond Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The Issuer (and the Energy Commission by its execution of the 2005A Secured Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Energy Commission the right to receive from the Trustee brokerage confirmations of security transactions as they occur, the Issuer and the Energy Commission specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Energy Commission and, upon request, to the Issuer, periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

**Section 412. Records and Reports of Trustee.** The Trustee shall maintain records with respect to any and all moneys or investments held by the Trustee under this Bond Indenture, including records with respect to the amount of interest accruing on each 2005A Bond Proceeds Subaccount. Records shall be maintained until six years after any 2005A Bond is Outstanding. The Trustee shall furnish, or cause to be furnished, to the Issuer and the Energy Commission, by the 10<sup>th</sup> day following each Bond Payment Date, a statement showing the status of each of the funds and accounts established under this Bond Indenture and under the 2005A Secured Loan Agreement which are held by the Trustee, showing the balance in each such fund or account as of the preceding Bond Payment Date, after giving effect to the payments and transfers made on such Bond Payment Date, the total of deposits to and the total of disbursements from each such fund or account since the previous Bond Payment Date, the dates of such deposits and disbursements, and the balance in each such fund or account on the Bond Payment Date after giving effect to the payments and transfers made on such Bond Payment Date. The Trustee shall render an annual accounting for each fiscal year ending June 30 to the Issuer and the Energy Commission and to any 2005A Owner requesting the same (at the expense of such 2005A Owner), showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by this Bond Indenture as of the beginning and close of such accounting period.

## **ARTICLE V GENERAL COVENANTS AND PROVISIONS**

**Section 501. Issuer to Issue Bonds and Execute Bond Indenture.** The Issuer covenants that it is duly authorized under the Constitution and laws of the State of California to

execute this Bond Indenture, to issue the 2005A Bonds and to pledge and assign the Trust Estate in the manner and to the extent set forth in this Bond Indenture; that all action on its part for the execution and delivery of this Bond Indenture and the issuance of the 2005A Bonds has been duly and effectively taken; and that the 2005A Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

**Section 502. Payment of 2005A Bonds.** The Issuer shall (a) duly and punctually pay or cause to be paid, but solely from the 2005A Collateral, the principal of and interest on the 2005A Bonds in accordance with the terms of the 2005A Bonds and this Bond Indenture and (b) cause Additional Payments to be made by the Energy Commission under the 2005A Secured Loan Agreement in accordance with the terms thereof.

The 2005A Bonds issued under this Bond Indenture shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof, other than the limited obligation of the Issuer, or a pledge of the full faith and credit of the State of California, or of any political subdivision thereof, and the principal and interest on such 2005A Bonds shall be payable solely from the 2005A Collateral and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the 2005A Bonds, as provided in this Bond Indenture. Nothing in the 2005A Bonds or in this Bond Indenture shall be construed as obligating the State of California to pay or redeem any of the 2005A Bonds, and the Owners thereof may not look to any general or other fund of the State, the Energy Commission or of the Issuer, except as specifically provided in this Bond Indenture.

**Section 503. Books, Records and Accounts.** The Trustee shall at any and all reasonable times, with reasonable notice and upon the written request of the Trustee or the Original Purchaser and at the expense of the Energy Commission, permit the Issuer, the Energy Commission or the Original Purchaser by their representatives to inspect the books of account, records, reports and other papers of the Trustee relating to the 2005A Bonds, this Bond Indenture and the 2005A Secured Loan Agreement, except personnel records and any other confidential records, and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Trustee shall furnish to the Issuer, the Energy Commission and the Original Purchaser any and all information as the Issuer, the Energy Commission or the Original Purchaser may reasonably request, and at the expense of the Original Purchaser if the requesting party is the Original Purchaser, otherwise the Energy Commission, including such statistical and other operating information requested on a periodic basis, in order to enable the requesting party to make any reports required by law, governmental regulations or this Bond Indenture in connection with any Series of Bonds and to determine whether the covenants, terms and provisions of this Bond Indenture and the 2005A Secured Loan Agreement have been complied with by the Trustee or the Energy Commission, as the case may be.

**Section 504. Continuing Disclosure.** Under the Continuing Disclosure Agreement between the Energy Commission and the Trustee, as Dissemination Agent, or other

Dissemination Agent acceptable to the Issuer and the Energy Commission, the Energy Commission has undertaken responsibility for compliance with continuing disclosure requirements with respect to S.E.C. Rule 15c2-12. The Trustee hereby covenants and agrees that it will comply with, or cause compliance with, its obligations under the Continuing Disclosure Agreement so long as it is the Dissemination Agent. Notwithstanding any other provision of this Bond Indenture, failure of the Energy Commission or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Bond Indenture, and the sole remedy in the event of such failure shall be such actions as may be necessary and appropriate, including any 2005A Owner seeking mandamus or specific performance by court order, to cause the Energy Commission and the Trustee to comply with their obligations under the Continuing Disclosure Agreement. The Issuer has no continuing disclosure obligation or enforcement obligation.

**Section 505. Tax Covenants.** The Issuer covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2005A Bonds and will take whatever action, or refrain from taking whatever action, as applicable, necessary to comply with the requirements of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2005A Bonds, including the following:

(a) The Issuer covenants that (1) it will comply with all applicable provisions of the Internal Revenue Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion of the interest on the 2005A Bonds from gross income for federal income tax purposes, and (2) it will not use or permit the use of any proceeds of 2005A Bonds or facilities financed with such proceeds, nor will it take or permit any other action, or fail to take any action, that would adversely affect the exclusion of the interest on the 2005A Bonds from gross income for federal income tax purposes. The Issuer will take such other actions as may be necessary to comply with the Internal Revenue Code and with other applicable future law, in order to ensure that the interest on the 2005A Bonds will remain excluded from gross income for federal income tax purposes, to the extent any such actions can reasonably be taken by the Issuer.

(b) The Issuer covenants that it will not directly or indirectly use or permit the use of any proceeds of the 2005A Bonds or any other funds of the Issuer, in any manner, or take or omit to take any action, that would cause the 2005A Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code.

(c) The Issuer covenants that it will provide for the payment from time to time of all arbitrage rebate amounts to the United States pursuant to Section 148(f) of the Internal Revenue Code and the Tax Agreement. This covenant shall survive payment in full or defeasance of the 2005A Bonds. The Tax Agreement may be amended or replaced if, in the Opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the 2005A Bonds.

(d) The Issuer covenants that it will not use any portion of the proceeds of the 2005A Bonds, including any investment income earned on such proceeds, directly or



indirectly, in a manner that would cause the 2005A Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Internal Revenue Code.

(e) The Issuer shall not enter into any arrangement or take such other action that would cause the 2005A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code.

(f) The Issuer shall file all appropriate returns, reports and attachments to income tax returns required by the provisions of the Internal Revenue Code, including without limitation the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G) required under Section 149(e) of the Internal Revenue Code.

The Issuer shall determine, or cause to be determined, all matters relating to (a) the yield on the 2005A Bonds, in order to verify that the 2005A Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal Revenue Code.

The Trustee conclusively shall be deemed to have complied with the provisions of this Section 505 and the Tax Certificate if it follows the instructions and directions of the Energy Commission or the Issuer and shall not be required to take any action under this section in the absence of such directions from the Energy Commission or the Issuer. The Trustee shall not be liable for any consequences resulting from its failure to act if no instructions from the Energy Commission (or in the absence of Energy Commission instructions, instructions from the Issuer) are delivered to it.

The Issuer may cease to comply with any requirement set forth in this Section, provided it provides the Trustee with an Opinion of Bond Counsel addressed to the Trustee that the Issuer’s failure to comply with such requirement will not adversely affect the exclusion of interest on the 2005A Bonds from gross income for federal income tax purposes.

#### **Section 506. Rights and Obligations with Respect to the 2005A Secured Loan Agreement.**

(a) The 2005A Secured Loan Agreement sets forth certain covenants and obligations of the Energy Commission and the Issuer, and reference is hereby made to such Agreement for a detailed statement of such covenants and obligations. So long as any of the 2005A Bonds remain Outstanding, the Issuer and the Trustee shall faithfully and punctually perform and observe all obligations and undertakings on their part to be performed and observed under the 2005A Secured Loan Agreement, including the Trustee’s undertakings in Articles III and IV therein.

(b) The Issuer covenants to maintain, at all times, the validity and effectiveness of the 2005A Secured Loan Agreement and (except as expressly permitted by this Section 506 and by the 2005A Secured Loan Agreement) shall take no action, shall permit no action to be taken by others within its control and shall not omit to take any action, which action or omission might release the Energy Commission from its liabilities or obligations under the 2005A Secured Loan Agreement or result in the surrender, termination, amendment or modification of, or impair the validity of, the 2005A Secured Loan Agreement.

(c) The Issuer covenants to enforce diligently all covenants, undertakings and obligations of the Energy Commission under the 2005A Secured Loan Agreement and hereby authorizes and directs the Trustee to enforce any and all of its rights under the 2005A Secured Loan Agreement on behalf of the Issuer and the Owners of the 2005A Bonds (except Issuer Retained Rights).

(d) The Issuer and the Trustee are authorized, without the consent of or notice to any of the 2005A Owners, but with the written consent and approval of the Energy Commission, to enter into any amendment, change or modification of the 2005A Secured Loan Agreement as may be necessary, in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, and regulations promulgated or proposed by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 103(b)(4)(A) of the Internal Revenue Code.

(e) Neither the Issuer nor the Trustee is authorized, without the consent of the Owners of a majority in principal amount of the Outstanding 2005A Bonds, to make any amendment or modification of the 2005A Secured Loan Agreement unless the Issuer has received an opinion of Bond Counsel to the effect that such amendment will not adversely affect the rights of 2005A Owners hereunder and will not impair the exclusion from gross income, for federal income tax purposes, of the interest on the 2005A Bonds and exemption from State personal income taxation.

## **ARTICLE VI DEFAULT AND REMEDIES**

**Section 601. Events of Default.** The term “event of default,” wherever used in this Bond Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any 2005A Bond when such interest becomes due and payable;

(b) default in the payment of the principal of any 2005A Bond when the same becomes due and payable; or

(c) default in the performance, or breach, of any covenant or agreement of the Issuer in this Bond Indenture (other than a covenant or agreement, a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the Owners of at least 10% in principal amount of the 2005A Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied within a reasonable time, such default shall not constitute an event of default if

the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with reasonable diligence.

**Section 602. Exercise of Remedies by the Trustee.** Upon the occurrence and continuance of any event of default under this Bond Indenture, unless the same is waived as provided in this Bond Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Bond Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the 2005A Bonds Outstanding, including interest on overdue principal and on overdue installments of interest, and any other sums due under this Bond Indenture, to realize on any of its interests or liens under this Bond Indenture, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in this Bond Indenture and to enforce or preserve any other rights or interests of the Trustee under this Bond Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of 2005A Owners.* If requested in writing to do so by the Owners of not less than 25% in principal amount of 2005A Bonds Outstanding and if indemnified as provided in Section 702(e), the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the 2005A Owners.

(c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the 2005A Owners under this Bond Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Bond Indenture and to protect its interests and the interests of the 2005A Owners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Bond Indenture or be prejudicial to the interests of the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the 2005A Owners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the 2005A Owners.

(e) *Enforcement Without Possession of 2005A Bonds.* All rights of action under this Bond Indenture or any of the 2005A Bonds may be enforced and prosecuted by the Trustee without the possession of any of the 2005A Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding

instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of Section 605 hereof, be for the equal and ratable benefit of the Owners of the 2005A Bonds in respect of which such judgment has been recovered.

(f) *Restoration of Positions.* If the Trustee or any 2005A Owner has instituted any proceeding to enforce any right or remedy under this Bond Indenture by suit, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such 2005A Owner, then and in every case the Issuer, the Trustee and the 2005A Owners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Bond Indenture, and thereafter all rights and remedies of the Trustee and the Issuer and 2005A Owners shall continue as though no such proceeding had been instituted.

**Section 603. Limitation on Suits by 2005A Owners.** No Owner of any 2005A Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Bond Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Bond Indenture, unless:

- (a) such 2005A Owner has previously given written notice to the Trustee and the Issuer of a continuing event of default;
- (b) the Owners of not less than 25% in principal amount of the 2005A Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under this Bond Indenture;
- (c) such 2005A Owner or 2005A Owners have offered to the Trustee indemnity as provided in Section 702(e) against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding 2005A Bonds;

it being understood and intended that no one or more 2005A Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Bond Indenture to affect, disturb or prejudice the lien of this Bond Indenture or the rights of any other 2005A Owners, or to obtain or to seek to obtain priority or preference over any other 2005A Owners (except as provided herein) or to enforce any right under this Bond Indenture, except in the manner herein provided for the equal and ratable benefit of all Outstanding 2005A Bonds.

Notwithstanding the foregoing or any other provision in this Bond Indenture, however, the Owner of any 2005A Bond shall have the right which is absolute and unconditional to receive payment of the principal of and interest on such 2005A Bond on the respective stated maturity expressed in such 2005A Bond, and nothing contained in this Bond Indenture shall affect or impair the right of any 2005A Owner to institute suit for the enforcement of any such payment.

**Section 604. Control of Proceedings by 2005A Owners.** The Owners of a majority in principal amount of the 2005A Bonds Outstanding shall have the right, during the continuance of an event of default.

(a) after providing indemnification satisfactory to the Trustee, to require the Trustee to proceed to enforce this Bond Indenture by judicial proceedings for the enforcement of the payment of the 2005A Bonds; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Bond Indenture, provided that:

(1) such direction shall not be in conflict with any rule of law or this Bond Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the 2005A Owners not taking part in such direction.

Notwithstanding any provision of this Section, if the Issuer or Trustee provides to the Trustee and the Issuer an Opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion of interest on the 2005A Bonds from federal gross income, the Trustee and the Issuer may conclusively rely on such opinion in complying with the provisions of this Bond Indenture, and the covenants under this Bond Indenture shall be deemed to be modified to that extent.

**Section 605. Application of Moneys Collected.** In an event of default, any moneys collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest, upon presentation of the 2005A Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) First: To the payment of all Trustee Priority Administrative Expenses;

(b) Second: To the payment of all Issuer Priority Administrative Expenses;

(c) Third: To the payment of the whole amount then due and unpaid upon the Outstanding 2005A Bonds for principal and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the 2005A Bonds) on overdue principal and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such 2005A Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(d) Fourth: To deposit into the 2005A Debt Service Account for use as specified hereunder.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Bond Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid 2005A Bond until such 2005A Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 606. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the 2005A Owners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. No delay or omission of the Trustee or of any Owner of any 2005A Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the 2005A Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the 2005A Owners, as the case may be.

**Section 607. Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Owners of a majority in principal amount of the 2005A Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the Owners of all the 2005A Bonds waive any past default hereunder and its consequences, except a default:

(a) in the payment of the principal of or interest on any 2005A Bond, or

(b) in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Owner of each Outstanding 2005A Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of this Bond Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

## **ARTICLE VII THE TRUSTEE**

**Section 701. Acceptance of Trusts; Certain Duties and Responsibilities.** J.P. Morgan Trust Company, National Association is hereby appointed as Trustee and accepts and agrees to execute the trusts imposed upon it by this Bond Indenture, but only upon the following terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture, and no implied covenants or obligations shall be read into this Bond Indenture against the Trustee; and in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Bond Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Bond Indenture.

(b) If an event of default has occurred hereunder and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances. Prior to the occurrence of an event of default, the Trustee shall have no liability for any action or omission in the performance of its duties hereunder, except in the case of negligence or willful misconduct on the part of the Trustee.

(c) No provision of this Bond Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding 2005A Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Bond Indenture; and

(4) no provision of this Bond Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Bond Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

**Section 702. Certain Rights of Trustee.** Except as otherwise provided in Section 701 of this Bond Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon a written certificate of the Issuer or Energy Commission Representative as to the sufficiency of any request or direction of the Issuer or Energy Commission mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been duly adopted by the Issuer and is in full force and effect. The Trustee shall be protected in acting upon any requisition, notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile or other paper or document believed in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Bond Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any 2005A Bonds, shall be conclusive and binding upon such Owner and all future owners of the same Bond and upon 2005A Bonds issued in exchange therefor or in place thereof or on registration of transfer thereof.

(c) Whenever in the administration of this Bond Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a written certificate of an Issuer or Energy Commission Representative.



(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Bond Indenture unless the Trustee is provided with reasonable security or indemnity against the costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction; provided that the Trustee may not require indemnity as a condition to making any payment of principal or interest on the 2005A Bonds.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document in good faith relied upon by the Trustee, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or the Energy Commission, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Bond Indenture and in the 2005A Bonds, except the certificate of authentication on the 2005A Bonds. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Bond Indenture or of the 2005A Bonds. The Trustee shall not be accountable for the use or application by the Issuer or the Energy Commission of any of the 2005A Bonds or the proceeds thereof or of any money paid to or upon the order of the Issuer, under any provision of this Bond Indenture.

(h) The Trustee, in its individual or any other capacity, may become the Owner or pledgee of 2005A Bonds and may otherwise deal with the Issuer and the Energy Commission with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Bond Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in this Bond Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving or any similar event and/or occurrences beyond the control of the Trustee.

(l) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(m) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the 2005A Bonds.

(n) In accordance with Sections 2.2(h) and 3.5 of the 2005A Secured Loan Agreement, the Energy Commission shall pay to the Trustee, the Paying Agent and the Registrar (solely from Additional Payments) from time to time compensation for all services rendered under this Bond Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Bond Indenture. To the extent permitted by law, the Energy Commission further covenants and agrees to indemnify and save the Trustee, the Paying Agent and the Registrar harmless against any losses, expenses and liabilities which they may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding liabilities which are due to the negligence or willful default of the indemnified party. The obligations of the Energy Commission under this Section 702 shall survive resignation or removal of the Trustee, the Paying Agent and the Registrar under this Bond Indenture and payment of the 2005A Bonds and discharge.

**Section 703. Notice of Defaults.** The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder or under the 2005A Secured Loan Agreement except a default in any of the payments to the Trustee required to be made by Article IV of this Bond Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer, the Energy Commission or the Owners of at least 10% in principal amount of all 2005A Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any default hereunder of which the Trustee is required to take notice or has received notice as provided in this Section, the Trustee shall give written notice of such default to the Issuer, the Energy Commission and all Owners of 2005A Bonds as shown on the bond register maintained by the Trustee, unless such default shall have been cured or waived. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an event of default.

**Section 704. [Reserved]**

**Section 705. Resignation and Removal of Trustee.**

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer, the Energy Commission and each 2005A Owner as shown by the bond register required by this Bond Indenture to be kept by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 45 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by the Issuer or an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the Owners of a majority in principal amount of the Outstanding 2005A Bonds.

(c) If at any time:

(1) the Trustee shall cease to be eligible hereunder and shall fail to resign after written request therefor by the Issuer, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Issuer may remove the Trustee, or petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(d) The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the 2005A Owners as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office or other designated payment office.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 707.

**Section 706. Appointment of Successor Trustee.** If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no event of default hereunder or under this Bond Indenture has occurred and is continuing), or the Owners of a majority in principal amount of 2005A Bonds Outstanding (if an event of default hereunder or under this Bond Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the 2005A Owners. If, within

45 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, the Trustee or any 2005A Owner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Every such successor Trustee appointed pursuant to the provisions of this Section shall be a commercial bank, corporation, national banking association or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a principal corporate trust office authorized to do business in the State. The successor Trustee must have a combined capital and surplus of at least \$50 million. If such commercial bank, corporation, national banking association or trust company publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such commercial bank, corporation, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the successor Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

**Section 707. Acceptance of Appointment by Successor.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer, the Energy Commission and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of all amounts due to it hereunder, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments reasonably necessary to more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

**Section 708. Merger, Consolidation and Succession to Business.** Any corporation or association into which any successor Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to

which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the successor Trustee or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any 2005A Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the 2005A Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such 2005A Bonds.

**Section 709. Designation of Paying Agents.** The Trustee is hereby designated and agrees to act as principal paying agent for and in respect to the 2005A Bonds. The Issuer may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder for the payment of the principal of and interest on the 2005A Bonds at the principal trust office or other designated payment office of said alternate paying agents. In the event of a successor Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and paying agent for principal of and interest on the 2005A Bonds, and the successor Trustee shall become such Trustee and paying agent unless a separate paying agent or agents are appointed by the Issuer, following consultation with the Trustee.

Each paying agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Indenture by written instrument of acceptance deposited with the Issuer and the Trustee.

The Paying Agent shall perform the duties provided for in this Bond Indenture and in exercising such duties shall be entitled to the same rights and immunities applicable to the Trustee as set forth in this Bond Indenture and shall not be liable for any action or omission to act except for its negligence or willful misconduct.

Each paying agent shall be a bank, corporation, association or trust company duly organized under the laws of the United States of America or any state or territory thereof, having a capital stock and surplus aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Indenture.

Any paying agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving at least 45 days' prior written notice to the Issuer and the Trustee. Any paying agent may be removed at any time by an Officer Certificate of the Issuer filed with such paying agent and the Trustee.

In the event of the resignation or removal of any paying agent, such paying agent shall pay over, assign and deliver any moneys held by it as paying agent to its successor, or if there be

no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any paying agent, the Trustee shall act as such paying agent.

## **ARTICLE VIII SUPPLEMENTAL BOND INDENTURES**

**Section 801. Supplemental Bond Indentures without Consent of 2005A Owners.** Without the consent of any 2005A Owners, the Issuer and the Trustee may from time to time enter into one or more Supplemental Bond Indentures for any of the following purposes so long as such Supplemental Bond Indenture will not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the 2005A Bonds or impair the exclusion from gross income, for federal income tax purposes, or the interest on the 2005A Bonds and exemption from State personal income taxation, for purposes which may include, but are not limited to, the following:

- (a) to correct or amplify the description of any property at any time subject to the lien of this Bond Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Bond Indenture, or to subject to the lien of this Bond Indenture additional property;
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of 2005A Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (c) to evidence the appointment or succession of a new Trustee;
- (d) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of all the 2005A Owners or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision in this Bond Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Bond Indenture, which shall not be inconsistent with the provisions of this Bond Indenture;
- (f) to modify, eliminate or add to the provisions of this Bond Indenture to such extent as shall be necessary to effect the qualification of this Bond Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the 2005A Bonds for sale under the securities laws of the United States or any state of the United States.

**Section 802. Supplemental Bond Indentures with Consent of 2005A Owners.** With the consent of the Owners of not less than a majority in principal amount of the 2005A Bonds then Outstanding affected by such Supplemental Bond Indenture, the Issuer and the Trustee may enter into one or more Supplemental Bond Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Bond Indenture or of

modifying in any manner the rights of the 2005A Owners under this Bond Indenture; provided, however, that no such Supplemental Bond Indenture shall, without the consent of each 2005A Owner affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, any 2005A Bond, or reduce the principal amount thereof or the interest thereon, or change any place of payment where, or the currency in which, any 2005A Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof;

(b) reduce the percentage in principal amount of the Outstanding 2005A Bonds, the consent of whose Owners is required for any such Supplemental Bond Indenture, or the consent of whose Owners is required for any waiver provided for in this Bond Indenture of compliance with certain provisions of this Bond Indenture or certain defaults hereunder and their consequences;

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any 2005A Bond;

(d) modify or alter the exceptions to the definition of the term "Outstanding";

(e) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Bond Indenture cannot be modified or waived without the consent of the Owner of each 2005A Bond affected thereby; or

(f) permit the creation of any lien ranking prior to the lien of this Bond Indenture with respect to any of the Trust Estate or terminate the lien of this Bond Indenture on any property at any time subject hereto or deprive the Owner of any 2005A Bond of the security afforded by the lien of this Bond Indenture.

**Section 803. Execution of Supplemental Bond Indentures.** In executing, or accepting the additional trusts created by, any Supplemental Bond Indenture permitted by this Article or the modification thereby of the trusts created by this Bond Indenture, the Trustee and the Issuer shall receive, and shall be fully protected in relying upon, an Opinion of Bond Counsel addressed and delivered to the Trustee and the Issuer stating that the execution of such Supplemental Bond Indenture is permitted by and in compliance with this Bond Indenture, and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on any tax-exempt 2005A Bonds. The Trustee may, but shall not (except to the extent required in the case of any Supplemental Bond Indenture entered into under Section 801(f)) be obligated to enter into any Supplemental Bond Indenture which affects the Trustee's own rights, duties or immunities under this Bond Indenture or otherwise.

**Section 804. Effect of Supplemental Bond Indentures.** Upon the execution of any Supplemental Bond Indenture under this Article, this Bond Indenture shall be modified in accordance therewith and such Supplemental Bond Indenture shall form a part of this Bond Indenture for all purposes; and every 2005A Owner theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

**Section 805. Consent of Energy Commission to Supplemental Bond Indentures.** Anything herein to the contrary notwithstanding, a Supplemental Bond Indenture under this Article VIII which affects any rights of the Energy Commission in any manner not contemplated by the 2005A Secured Loan Agreement shall not become effective unless and until the Energy Commission shall have consented in writing to the execution and delivery of such Supplemental Bond Indenture, which consent shall not be unreasonably withheld.

## **ARTICLE IX SATISFACTION AND DISCHARGE**

**Section 901. Payment, Discharge and Defeasance of 2005A Bonds.** All or any of the 2005A Bonds will be deemed to be paid and discharged and no longer Outstanding under this Bond Indenture and will cease to be entitled to any lien, benefit or security of this Bond Indenture if the Issuer shall pay or provide for the payment of such 2005A Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such 2005A Bonds, as and when the same become due and payable;
- (b) by delivering such 2005A Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay and discharge the indebtedness on such 2005A Bonds at or before their respective maturity dates (including the payment of the principal of and interest payable on such 2005A Bonds to the maturity date thereof).

The 2005A Bonds may be defeased in advance of their maturity dates only with cash or Government Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (1) a verification report prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and the Issuer, and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee and the Issuer to the effect that the payment of the principal of and interest on all of the 2005A Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Bond Indenture has been provided for in the manner set forth in this Bond Indenture and to the effect that so providing for the payment of any 2005A Bonds will not cause the interest on any tax-exempt 2005A Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Bond Indenture.

The foregoing notwithstanding, the liability of the Issuer in respect of such 2005A Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys and Government Obligations deposited with the Trustee as aforesaid.

Moneys and Government Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be



applied by the Trustee to the payment to the Persons entitled thereto, of the principal and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

**Section 902. Satisfaction and Discharge of Bond Indenture.** This Bond Indenture and the lien, rights and interests created by this Bond Indenture shall cease, determine and become null and void (except as to any surviving rights under Section 903 hereof) if the following conditions are met:

(a) the principal of and interest on all 2005A Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of Section 901;

(b) all other sums payable under this Bond Indenture with respect to the 2005A Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee and the Issuer receive an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) addressed to the Trustee and the Issuer to the effect that so providing for the payment of any 2005A Bonds will not adversely affect the exclusion of the interest on the 2005A Bonds from gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Bond Indenture; and

(d) the Trustee and the Issuer receive an Opinion of Counsel addressed and delivered to the Trustee and the Issuer to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Bond Indenture have been accomplished.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of this Bond Indenture as may be necessary and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Bond Indenture as a part of the Trust Estate, other than moneys or Government Obligations held in trust by the Trustee as herein provided for the payment of the principal of and interest on the 2005A Bonds.

**Section 903. Rights Retained After Discharge.** Notwithstanding the satisfaction and discharge of this Bond Indenture, the rights of the Trustee under Section 704 shall survive, and the Trustee shall retain such rights, powers and duties under this Bond Indenture as may be necessary and convenient for the payment of amounts due or to become due on the 2005A Bonds and the registration, transfer and exchange of 2005A Bonds as provided herein. Nevertheless, any moneys held by the Trustee for the payment of the principal of or interest on any 2005A Bond remaining unclaimed for two years after the principal of all 2005A Bonds has become due and payable, whether at maturity or otherwise, shall then be paid to the Energy Commission, and any Owners of 2005A Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Energy Commission for payment thereof, and all liability of the Trustee or the Issuer with respect to such moneys shall thereupon cease. However, all such amounts payable by the Energy Commission hereunder shall be payable only from amounts derived from the 2005A Collateral.

## **ARTICLE X MISCELLANEOUS PROVISIONS**

**Section 1001. Notices.** Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Bond Indenture to be made, given or furnished to or filed with the following Persons, if the same shall be delivered by prepaid overnight delivery service, or mailed by first class mail, postage prepaid, at the following addresses:

- (a) To the Issuer at:

California Infrastructure and Economic  
Development Bank  
1001 I Street, 19<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Bond Manager

- (b) To the Trustee at:

J.P. Morgan Trust Company, National Association  
560 Mission Street, 13th Floor  
San Francisco, California 94105  
Attention: Corporate Trust Administration

- (c) To the Energy Commission:

California Energy Commission  
1516 Ninth Street, MS 39  
Sacramento, California 95814  
Attention: Executive Director

- (d) To the 2005A Owners:

At the addresses of the 2005A Owners as shown on the bond register  
maintained by the Trustee under this Bond Indenture.

- (e) To the Securities Depository at:

The Depository Trust Company  
55 Water Street, 50<sup>th</sup> Floor  
New York, New York 10041-0099  
Attention: Supervisor, Put Bonds Section  
Reorganization Department  
Fax: (212) 855-5235

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then

such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

If notice to 2005A Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular 2005A Owner shall affect the sufficiency of such notice with respect to other 2005A Owners. Where this Bond Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by 2005A Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

#### **Section 1002. Notices to Rating Agencies.**

(a) The Trustee shall, prior to the execution and delivery of any Supplemental Bond Indenture, cause notice of the proposed execution and delivery of such Supplemental Bond Indenture together with a copy of the proposed Supplemental Bond Indenture to be mailed to each Rating Agency at least 15 Business Days prior to the proposed date of execution and delivery of such Supplemental Bond Indenture. The Trustee shall also give notice to each Rating Agency if all of the 2005A Bonds are paid or defeased in accordance with the provisions of this Bond Indenture, if an event of default occurs, or if the Trustee waives any event of default under this Bond Indenture.

(b) The Issuer shall give notice to each Rating Agency if the Trustee resigns or is removed, or if a new Trustee is appointed.

**Section 1003. Acts of 2005A Owners.** Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Bond Indenture to be given or taken by 2005A Owners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such 2005A Owners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of 2005A Bonds, shall be sufficient for any purpose of this Bond Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner

which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of 2005A Bonds and the amount or amounts, numbers and other identification of such 2005A Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the Owners of the requisite principal amount of 2005A Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, 2005A Bonds registered in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only 2005A Bonds which the Trustee knows to be so owned shall be so disregarded. Upon request of the Trustee, the Issuer shall specify in a certificate to the Trustee those 2005A Bonds disqualified pursuant to this Section 1003, and the Trustee may conclusively rely on such certificate.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any 2005A Bond shall bind every future Owner of the same 2005A Bond and the Owner of every 2005A Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such 2005A Bond.

**Section 1004. Further Assurances.** The Issuer shall do, execute, acknowledge and deliver such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Bond Indenture.

**Section 1005. Immunity of Officers, Employees and Members of Issuer.** No member of the Issuer's board of directors, or any person executing the 2005A Bonds or other official or employee of the Issuer shall be personally liable on the 2005A Bonds or subject to any personal liability or accountability by reason of the issuance thereof. No recourse shall be had for the payment of the principal of or interest on any of the 2005A Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Bond Indenture against any past, present or future official, director, member, employee or agent of the Issuer, either directly or through the Issuer or any successor public entity, or any person executing the 2005A Bonds, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officials, directors, members, employees or agents or any person executing the 2005A Bonds, as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issuance of 2005A Bonds.

**Section 1006. Benefit of Bond Indenture.** This Bond Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Bond Indenture, nothing in this Bond Indenture or in the 2005A Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder and any 2005A Owner, any benefit or any legal or equitable right, remedy or claim under this Bond Indenture. Notwithstanding the above, the Energy

Commission and the trustee under the Master Trust Agreement shall be express third party beneficiaries of this Bond Indenture.

**Section 1007. Severability.** If any provision in this Bond Indenture or in the 2005A Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 1008. Execution in Counterparts.** This Bond Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.


**Section 1009. Governing Law.** This Bond Indenture shall be governed by and construed in accordance with the laws of the State of California, and any action filed hereunder shall be filed in Sacramento, California, unless waived by the Issuer.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this 2005A Bond Indenture to be duly executed by their duly authorized officers, as of the day and year first above written.

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By:   
Stanton C. Hazelroth  
Executive Director

Attest:

By:   
Blake Fowler  
Secretary

J.P. MORGAN TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
James V. Myers  
Vice President

**IN WITNESS WHEREOF**, the Issuer and the Trustee have caused this 2005A Bond Indenture to be duly executed by their duly authorized officers, as of the day and year first above written.

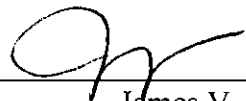
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By: \_\_\_\_\_  
Stanton C. Hazelroth  
Executive Director

Attest:

By: \_\_\_\_\_  
Blake Fowler  
Secretary

J.P. MORGAN TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
  
James V. Myers  
Vice President

**EXHIBIT A  
TO BOND INDENTURE  
(FORM OF 2005A BONDS)**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA**

**STATE OF CALIFORNIA**

Registered  
No. R-\_\_\_\_

Registered  
\$

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**ENERGY EFFICIENCY MASTER TRUST REVENUE BOND  
SERIES 2005A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Bonds</u>	<u>CUSIP</u>
%	March 1, ____		

Owner: \_\_\_\_\_ **\*\* CEDE & CO. \*\***

Principal Amount: \_\_\_\_\_ **DOLLARS**

*Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Indenture described herein.*

**THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK** (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the Owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Bonds stated above or from the most recent Bond Payment Date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 in each year, commencing September 1, 2005, until said principal amount is paid.



**Method and Place of Payment.** The principal of and interest on this Bond shall be payable in any currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of this Bond shall be payable by check or other acceptable method to the Owner at the maturity date upon presentation and surrender of this Bond at the principal office or other designated payment office of J.P. Morgan Trust Company, National Association, San Francisco, California ("Trustee"). The interest payable on this Bond on any Bond Payment Date shall be paid by the Trustee to the Owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the first day (whether or not a business day) of the calendar month containing such Bond Payment Date and shall be paid by (1) check or other acceptable method sent to such Owner on the Bond Payment Date at his address as it appears on such bond register or at such other address furnished in writing by such Owner to the Trustee, or (2) at the written request addressed to the Trustee by any Owner of 2005A Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such Owner upon written notice to the Trustee from such Owner containing the electronic transfer instructions (which shall be in the continental United States) to which such Owner wishes to have such transfer directed and such written notice is given by such Owner to the Trustee not less than 5 Business Days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such Owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such Owner's account at such bank to which the payment is to be credited.

**Authorization of 2005A Bonds.** This Bond is one of a duly authorized series of bonds of the Issuer designated "California Infrastructure and Economic Development Bank, Energy Efficiency Master Trust Revenue Bonds, Series 2005A," in the aggregate principal amount of \$36,955,000 (the "2005A Bonds"), issued pursuant to the authority of and in full compliance with the Constitution and statutes of the State of California and pursuant to proceedings duly had by the Issuer. The 2005A Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Bond Indenture, dated as of May 1, 2005 (said Bond Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Bond Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Bond Indenture. Under the Bond Indenture, the Issuer has pledged and assigned certain of its rights to the Trustee as security for the 2005A Bonds. Reference is hereby made to the Bond Indenture, which may be inspected at the principal office of the Trustee, for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the 2005A Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the Owners of the 2005A Bonds, and a description of the terms upon which the 2005A Bonds are issued and secured, upon which provision for payment of the 2005A Bonds or portions thereof and defeasance of the lien of the Bond Indenture with respect thereto may be made and upon which the Bond Indenture may be deemed satisfied and discharged prior to payment of the 2005A Bonds.

**Redemption Prior to Maturity.** The 2005A Bonds maturing on or before March 1, 2015, are not subject to optional redemption prior to their respective stated maturities. The 2004 Bonds maturing on or after March 1, 2016, are subject to redemption prior to their respective stated maturities, at the option of the Energy Commission (which option shall be delivered to the

Trustee not less than forty-five (45) days prior to the date fixed for such redemption, or such shorter period as agreed to in writing by the Trustee in its sole discretion), in whole or in part (in such amounts and maturities as may be specified by the Energy Commission, or, if the Energy Commission fails to designate such maturities, in inverse order of maturity and by lot within a maturity) on any date on or after March 1, 2015, at the redemption price of 100% (expressed as a percentage of the principal amount of Bonds called for redemption), plus accrued interest to the date fixed for redemption:

**Book-Entry System.** The 2005A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Indenture. One Bond certificate with respect to each date on which the 2005A Bonds are stated to mature or with respect to each form of 2005A Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the 2005A Bonds by the Securities Depository's participants, beneficial ownership of the 2005A Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the Owner of this Bond, as the Owner of this Bond for all purposes, including (i) payments of principal of and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal and interest payments to participants of the Securities Depository, and transfer of principal and interest payments to beneficial Owners of the 2005A Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the Owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

**Transfer and Exchange.** **EXCEPT AS OTHERWISE PROVIDED IN THE BOND INDENTURE, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.** This Bond may be transferred or exchanged, as provided in the Bond Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the Owner hereof in person or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his duly authorized attorney, and thereupon a new Bond or 2005A Bonds of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Bond Indenture, and upon payment of the charges therein prescribed. Except as otherwise specifically provided herein and in the Bond Indenture with respect to rights of Participants and Beneficial Owners when a Book-Entry System is in effect, the Issuer and the Trustee may deem and treat the person in whose name this Bond is registered on the bond register as the absolute Owner hereof for the purpose of

receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes. The 2005A Bonds are issuable in the form of fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

**Limitation on Rights.** The Owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the 2005A Bonds issued under the Bond Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The 2005A Bonds or the Bond Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Bond Indenture.

**Limited Obligations.** The 2005A Bonds and the interest thereon are special, limited obligations of the Issuer payable solely out of 2005A Loan Repayments and other funds deposited in the 2005A Debt Service Account as provided in the Bond Indenture and are secured by a pledge and assignment of Secured Loan Repayments under the Bond Indenture and certain accounts under the Master Trust Agreement. The 2005A Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, and shall not constitute a pledge of the full faith and credit of the State of California or any political subdivision, but shall be payable solely from the funds provided for in the Bond Indenture.

**NEITHER THE FULL FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.**

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

**IT IS HEREBY CERTIFIED AND DECLARED** that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK has caused this Bond to be executed in its name by the manual or facsimile signature of its Executive Director, all as of the Date of Bonds specified above.

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By: \_\_\_\_\_  
Stanton C. Hazelroth  
Executive Director

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 2005A Bonds described in the within mentioned Bond Indenture.

Date of Authentication: \_\_\_\_\_

J.P. Morgan Trust Company, National Association,  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please Print or Typewrite Name, Address and Social Security Number or Taxpayer  
Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney

to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
**NOTICE:** The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed By:

\_\_\_\_\_  
(Name of Eligible Guarantor Institution as defined  
by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15))

By: \_\_\_\_\_

**EXHIBIT B**  
**FORM OF 2005A CASH FLOW CERTIFICATE**

**Relating to**  
**\$36,955,000**  
**ENERGY EFFICIENCY MASTER TRUST REVENUE BONDS**  
**SERIES 2005A**

Pursuant to Section 4.5 and 5.2 of the 2005A Secured Loan Agreement ("Agreement") dated as of May 1, 2005, between the California Infrastructure and Economic Development Bank ("Issuer") and the California Energy Resources Conservation and Development Commission ("Energy Commission"), the undersigned, a duly authorized Representative of the Energy Commission, hereby certifies as follows. All capitalized terms not defined herein shall have the meanings shown in Appendix A to the Agreement.

1. For each period ending on each Bond Payment Date, commencing with the period in which this certificate is delivered, the sum of expected: a) 2005A Program Loan Repayments (including amounts expected to remain on deposit in the 2005A Loan Repayment Account after a Bond Payment Date, to be applied to the payment of debt service on the immediately succeeding Bond Payment Date within the same Bond Year), b) earnings on amounts held in the 2005A Reserve Account, and c) amounts on deposit in the 2005A Surplus Repayments Account which are needed to satisfy the 110% coverage test for such period will be at least equal to 110% of the debt service payable on the 2005A Bonds, as shown in the schedule(s) attached hereto; and

2. The 2005A Reserve Requirement for the 2005A Bonds has been satisfied.

In determining expected 2005A Program Loan Repayments for purposes of this Cash Flow Certificate, no payments have been counted for any pledged 2005A Program Loan in payment default (as defined in the applicable 2005A Program Loan Agreement) at the time of calculation.

The Trustee is hereby instructed to transfer the amount of \$\_\_\_\_\_ from the 2005A Surplus Repayments Account for deposit into the Master Reserve Account held under the Master Trust Agreement.

Dated this \_\_\_\_ day of \_\_\_\_, 20\_\_.

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_  
Energy Commission Representative

## SCHEDULE I TO 2005A CASH FLOW CERTIFICATE

<b>Date<sup>(1)</sup></b>	<b>Estimated 2005A Program Loan Repayments<sup>(2)</sup></b>	<b>Estimated Earnings on 2005A Reserve Account</b>	<b>Estimated Amounts on Deposit in the 2005A Surplus Repayments Account</b>	<b>Series 2005A Bond Debt Service</b>	<b>Debt Service Coverage</b>
---------------------------	--	--	---	---	----------------------------------

---

<sup>(1)</sup> Semiannual debt service payment dates are September 1 and March 1 of each year. Assumes that no interest is earned on pledged Program Loan Repayments between the receipt of scheduled loan repayments and the corresponding Bond Payment Date.

<sup>(2)</sup> Assumes that the Energy Commission has encumbered an amount sufficient to complete the funding of all pledged but not fully disbursed 2005A Program Loans.

## **EXHIBIT C**

### **FORM OF REQUISITION FROM 2005A COST OF ISSUANCE ACCOUNT**

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue, Series 2005A (the "2005A Bonds")

The California Infrastructure and Economic Development Bank (the "Issuer") hereby requests J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), under that certain Bond Indenture, dated as of May 1, 2005 (the "2005A Bond Indenture"), between the Issuer and the Trustee, relating to the above-captioned 2005A Bonds, to pay to the Persons listed on Schedule I attached hereto the amounts shown for the purposes indicated from the 2005A Costs of Issuance Account established pursuant to the 2005A Bond Indenture.

The Issuer hereby certifies that each item set forth on Schedule I is a proper charge against the 2005A Costs of Issuance Account.

Dated: \_\_\_\_\_, 2005.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

By: \_\_\_\_\_  
Issuer Representative



**SCHEDULE I**  
**2005A COST OF ISSUANCE ACCOUNT**

TO	AMOUNT	PURPOSE
----	--------	---------

---

**EXHIBIT D**

**FORM OF OFFICER'S CERTIFICATE REGARDING ESTABLISHMENT OF  
SUBACCOUNT WITHIN 2005A BOND PROCEEDS ACCOUNT**

To: J.P. Morgan Trust Company, National Association, as trustee (the "Trustee") pursuant to that certain Bond Indenture between the California Infrastructure and Economic Development Bank (the "Issuer") and the Trustee, dated as of May 1, 2005 (the "2005A Bond Indenture")

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A (the "2005A Bonds")

Pursuant to Section 408 of the 2005A Bond Indenture, the undersigned, \_\_\_\_\_, an Energy Commission Representative, hereby notifies the Trustee that a Program Loan Agreement has been fully executed by [Borrower Name], a Borrower, in the amount of \$ \_\_\_\_\_, for Loan Number \_\_\_\_\_.

The Trustee is authorized and directed to transfer \$ \_\_\_\_\_, the amount of such Program Loan, from the 2005A Bond Proceeds Account to a separate subaccount that the Trustee shall establish and maintain within the 2005A Bond Proceeds Account, designated the "[Borrower Name (Loan Number)] Program Loan Subaccount."

Moneys on deposit in the [Borrower Name] 2005A Bond Proceeds Subaccount shall be disbursed by the Trustee to the Borrower upon receipt by the Trustee of a requisition of the Energy Commission in substantially the form of Exhibit E to the 2005A Bond Indenture.

Capitalized terms used but not defined in this Officer's Certificate shall have the meanings ascribed thereto in the 2005A Bond Indenture.

Dated: \_\_\_\_\_, 20\_\_.

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_  
Energy Commission Representative

**EXHIBIT E**

**FORM OF REQUISITION FROM  
2005A BOND PROCEEDS SUBACCOUNT**

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A (the "2005A Bonds")

The California Energy Resources Conservation and Development Commission (the "Energy Commission") hereby requests J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), under that certain Bond Indenture, dated as of May 1, 2005 (the "2005A Bond Indenture") between the Issuer and the Trustee, relating to the above-captioned 2005A Bonds, to disburse to [Borrower Name] \$\_\_\_\_\_ from the [Borrower Name (Loan Number)] 2005A Bond Proceeds Subaccount established pursuant to the 2005A Bond Indenture in accordance with the following instruction:

**[INCLUDE PAYMENT INSTRUCTIONS FOR DISBURSEMENT]**

The Energy Commission hereby certifies that the disbursement to [Borrower Name] in the amount specified in this requisition is a proper charge against the [Borrower Name] 2005A Bond Proceeds Subaccount.

Dated: \_\_\_\_\_, 20\_\_.

**CALIFORNIA ENERGY RESOURCES AND  
DEVELOPMENT COMMISSION**

By: \_\_\_\_\_  
Energy Commission Representative